



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 3

Meeting Date: March 19, 2019

Submitted to: Honorable Mayor and Members of the City Council

Department: Public Works Department

Staff Contact: Mike James, Assistant City Manager

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Item Title: **Approval of the Fiscal Year 2019-2020 Road Maintenance
Rehabilitation Account Funding Allocation**

Recommended Action: Adopt a resolution approving the Fiscal Year 2019-2020 Road Maintenance Rehabilitation Account funding allocation.

Summary: In 2017, the Road Repair and Accountability Act of 2017 (SB 1) was created to establish a new funding source in California's transportation system. This bill established a Road Maintenance and Rehabilitation Account (RMRA) in the State Transportation Fund that is intended to address deferred maintenance on the state highway system and the local street and road system. A requirement of SB1 is for each entity to declare what it plans to use the funds for each year.

In the discussion portion of this report additional details regarding how revenues are allocated to local governments, what the eligible uses are, and establishes the annual eligible project list to meet the reporting requirements of SB 1.

Discussion: In 2017, the Road Repair and Accountability Act (Act) of 2017 (SB 1) was created to establish a new funding source in California's transportation system. This bill established a Road Maintenance and Rehabilitation Account (RMRA) in the State Transportation Fund that is intended to address deferred maintenance on the state highway system and the local street and road system.

Funding Details:

RMRA funds are derived from new gas tax, transportation improvement fees, and a portion of the diesel excise tax. The funds are continuously appropriated and apportioned to local governments monthly and not based on a reimbursement basis. The amounts that any city may receive are allocated per capita. In **Attachment B**, staff compares the Fiscal year 2019-2020 (FY 2019-20) revenue estimates with FY 2018-19. The total increase in revenues equals \$149,602.

Eligible Uses of RMRA Funding:

The use of RMRA local streets and roads funds is similar to the HUTA use rules. Pursuant to Streets and Highway Code Section 2030, RMRA local streets and roads allocations must be used for projects that include, but are not limited to, the following:

- Road maintenance and rehabilitation,
- Safety projects,
- Railroad grade separations,
- Traffic control devices, and
- Complete street components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and storm-water capture projects in conjunction with any other allowable project.

RMRA funds may also be used to satisfy a match requirement to obtain state or federal funds for eligible projects. SB1 also contains non-obligatory intent language regarding the use of funds. To the extent possible and cost-effective cities and counties are to program a use that:

- Advanced recycling techniques that reduce greenhouse gas emissions,
- Automotive technologies, ZEV fueling, infrastructure-to-vehicle,
- Communications autonomous vehicle systems,
- Resiliency regarding climate change, fire, floods, sea level rise, and
- Complete street elements, access for bicycles, pedestrians.

Lastly, if a city or county has an average pavement condition index that meets or exceeds 80, the city or county may spend its RMRA funds on transportation priorities other than the previously listed items (refer to Streets and Highways Code Section 2037).

Discussion:

Each year a city or county must submit to the California Transportation Commission (CTC) an approved resolution that clearly describes all projects for which RMRA funds were expended including: description, location, funds expended, completion date, and estimated useful life of the project. There are two projects in FY 2019-20, that staff recommends and the projects are listed below:

Project Title: FY 2019-20 Street Rehabilitation Project.

Project Description: This project will allocate a portion of the RMRA funds to support its annual street rehabilitation project.

Project Location: While referencing the City's pavement management program, the street listed for treatment in FY 2019-20 will be designed and constructed. If funding allows additional streets to be included beyond FY 2020, they will be included in the FY 2019-20 project.

Project Cost Allocation: \$553,000.

Proposed Schedule for Completion: FY 2019-20.

Estimated Useful Life: The streets useful life is anticipated to be equal to or greater than 10 years without major repair work.

Project Title: Storm Drain Master Plan (Phase II).

Project Description: This project will allocate a portion of the RMRA funds to complete the City's storm drain master plan. During FY 2018-19, the City updated the storm drain master plan, however, due to limited funds the creation of interim solutions for CMP segments, identification of necessary segment sizes, a construction cost estimate, and prioritization of recommended improvements to support future capital improvement projects was postponed. Those remnant tasks will now be completed as a part of this project.

Project Location: The City's storm drain system is contained in multiple areas citywide.

Project Cost Allocation: \$50,000.

Proposed Schedule for Completion: FY 2019-20.

Estimated Useful Life: The master plan document will be referenced for at least the next five-year period to support on-going capital improvement projects related to repairing and replacing the city's storm drain infrastructure.

If the resolution is adopted by the City Council, staff will forward the signed resolution to the CTC for acceptance by the May 1, 2019 deadline.

Environmental Review:

☒ Not subject to review

☐ Negative Declaration

☐ Categorical Exemption, Section |

☐ Mitigated Negative Declaration

Fiscal Impact: In Fiscal Year 2019-20, \$553,000 will be programmed to the FY 2019-20 Street Rehabilitation project and \$50,000 will be programmed to the Storm Drain Master Plan (Phase II) project.

Public Notification: None.

Staff Recommendation: Adopt a resolution approving of the Fiscal Year 2019-2020 Road Maintenance Rehabilitation Account funding allocation.

Attachments:

Attachment A – Resolution

Attachment B – Fiscal Years 2018-19 and 2019-20 Revenue Comparison

RESOLUTION

Resolution to be inserted as Additional Material on Monday, March 18, 2019. Some information not available at the time of print.

Fiscal Years 2018-19 and 2019-20 Revenue Comparison

Lemon Grove	Highway Users Tax Account (HUTA)					Total HUTA	SB1		Total
	Sec 2103	Sec 2105	Sec 2106	Sec 2107	Sec 2107.5		TCRF Loan Repayment	Road Maint Rehab Acct	
FY 2018-2019	\$95,187	\$150,181	\$103,392	\$197,242	\$6,000	\$552,002	\$30,261	\$425,507	\$1,007,770
FY 2019-2020	\$228,859	\$149,284	\$102,790	\$196,031	\$6,000	\$682,964	\$30,261	\$444,147	\$1,157,372
Difference	+\$133,672	-\$897	-\$602	-\$1,211	\$0	+\$130,962	\$0	+\$18,640	+\$149,602

Definition:

- Sec 2103: Allocation replaces the former Prop42 revenues. This is a price-based fuel tax rate, adjusted annually by the BOE until 2019.
- Sec 2105/2106/2107: Provides a monthly allocation of 1.315 cents per gallon of gasoline, 1.8 cents per gallon of diesel, and 2.59 cents per liquefied petroleum gas based on the population.
- Sec 2107.5: Allocation approximately \$2.6 million annually each July based on a population formula.
- TCRF Loan Repayment: SB1 stipulated the repayment of \$706 million by the state General Fund to transportation funds over three fiscals (FY 2017-18, 2018-19 and 2019-20). Local streets and roads will be paid \$225 million. \$75 million per year with half to cities and half to counties.
- Road Maint Rehab Acct: New revenue source created from the Road Repair and Accountability Act.